WEEKLY ECONOMIC REVIEW

March 20, 2008

In February, Alberta's inflation rate moderated to 3.5% - its lowest level since November 2006. The decline was largely attributable to a moderation in food and motor vehicle prices. Nationally, CPI inflation dropped to 1.8%. The Bank of Canada's measure of core inflation was 1.5%, well below the Bank's target of 2%.

Alberta's manufacturing shipments rose 0.9% in January, with elevated energy prices increasing the value of petroleum and coal product sales. Nationally, manufacturing shipments rebounded by 1.3% from December's three-year low. Despite the January increase, national manufacturing shipments were at their second lowest level since March of 2005, and 3.6% below their level of January 2007.

New motor vehicles sales in Alberta recorded their fourth consecutive monthly increase, rising by 2.2% in January. In the same month, motor vehicle sales in Canada were up 8.2%, the largest monthly increase in almost three years.

Wholesale trade in Alberta grew by 4.4% in January due to higher sales of food, beverage and tobacco products, as well as machinery and electronic equipment. Nationally, a surge in sales of agricultural chemicals boosted sales by 2.6%, reversing a 2.6% decline in December.

U.S. housing starts fell by 0.6% in February, to an annual rate of 1.065 million units. U.S. building permits recorded their largest monthly drop in 13 years, declining 7.8% to 978,000 units.

Cdn Dollar (US¢/CS)	
March 20, 2008	97.4
March 14, 2008	101.3
2007-08 YTD	97.1
WTI Oil US$/bbl	
March 19, 2008	$ 104.48
March 13, 2008	$ 110.33
2007-08 YTD	$ 81.42
Nymex Natural Gas CS/MMBtu *	
April Contract	
March 20, 2008	$ 8.78
March 14, 2008	$ 10.09

*Estimate based on Nymex Futures Market Price

The U.S. Federal Reserve slashed its key interest rate by 75 basis points on Tuesday, to 2.25%, in an attempt to increase liquidity in U.S. financial and credit markets and mitigate the effects of the current U.S. economic downturn. In its policy statement, the Federal Reserve left the door open for additional rate cuts, but also expressed increased concerns about inflation.

On Thursday, oil prices dropped to US$104.48 on worries that the U.S. downturn will slow the demand for oil. Natural gas prices fell to US$8.78, pressured by lower oil prices.

The Canadian dollar declined to 97.4 US cents this week, as commodity prices tumbled and investors speculated the Bank of Canada will follow the U.S. in cutting interest rates.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index	**February**			
Alberta	119.0	0.2%	3.5%	3.5%
Canada	112.2	0.4%	1.8%	2.0%
Manufacturing Shipments (Millions)[2]	**January**			
Alberta	$5,544	0.9%	0.6%	0.6%
Canada	$49,309	1.3%	-3.6%	-3.6%

Source: Statistics Canada. [1]Year-to-date 2008 compared to the same period in 2007 [2] Seasonal adjusted